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9 **UNITED STATES BANKRUPTCY COURT**
10 **NORTHERN DISTRICT OF CALIFORNIA**
11 **SAN FRANCISCO DIVISION**

12 **In re:**

13 **PG&E CORPORATION,**

14 **- and -**

15 **PACIFIC GAS AND ELECTRIC**
16 **COMPANY,**

17 **Debtors.**

- 18 ☐ Affects PG&E Corporation
19 ☐ Affects Pacific Gas and Electric Company
☒ Affects both Debtors

20 ** All papers shall be filed in the Lead Case, No.*
21 *19-30088 (DM).*

Bankruptcy Case No. 19-30088 (DM)

Chapter 11

(Lead Case) (Jointly Administered)

**REORGANIZED DEBTORS' EIGHTY-FIRST
OMNIBUS OBJECTION TO CLAIMS (NO
LIABILITY CLAIMS)**

Response Deadline:
June 16, 2021, 4:00 p.m. (PT)

Hearing Information If Timely Response Made:

Date: June 30, 2021

Time: 10:00 a.m. (Pacific Time)

Place: (Telephonic Appearances Only)

United States Bankruptcy Court

Courtroom 17, 16th Floor

San Francisco, CA 94102

1 **TO: (A) THE HONORABLE DENNIS MONTALI, UNITED STATES BANKRUPTCY**
2 **JUDGE; (B) THE OFFICE OF THE UNITED STATES TRUSTEE; (C) THE AFFECTED**
3 **CLAIMANTS; AND (D) OTHER PARTIES ENTITLED TO NOTICE:**

4 PG&E Corporation (“**PG&E Corp.**”) and Pacific Gas and Electric Company (the “**Utility**”), as
5 debtors and reorganized debtors (collectively, “**PG&E**” or the “**Debtors**” or as reorganized pursuant to
6 the Plan (as defined below), the “**Reorganized Debtors**”) in the above-captioned chapter 11 cases (the
7 “**Chapter 11 Cases**”) hereby submit this Eighty-First Omnibus Objection (the “**Objection**”) to the
8 Proofs of Claim (as defined below) identified in the column headed “Claims To Be Disallowed and
9 Expunged” on **Exhibit 1** annexed hereto.

10 **I. JURISDICTION**

11 This Court has jurisdiction over this Objection under 28 U.S.C. §§ 157 and 1334; the *Order*
12 *Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 (N.D. Cal.); and
13 Rule 5011-1(a) of the Bankruptcy Local Rules for the United States District Court for the Northern
14 District of California (the “**Bankruptcy Local Rules**”). This matter is a core proceeding pursuant to 28
15 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The
16 statutory predicates for the relief requested are section 502 of Title 11 of the United States Code (the
17 “**Bankruptcy Code**”) and Rule 3007 of the Federal Rules of Bankruptcy Procedure (collectively, the
18 “**Bankruptcy Rules**”).

19 **II. BACKGROUND**

20 On January 29, 2019 (the “**Petition Date**”), the Debtors commenced with the Court voluntary
21 cases under chapter 11 of the Bankruptcy Code. Prior to the Effective Date (as defined below), the
22 Debtors continued to operate their businesses and manage their properties as debtors in possession
23 pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner was appointed
24 in either of the Chapter 11 Cases. The Chapter 11 Cases are being jointly administered for procedural
25 purposes only pursuant to Bankruptcy Rule 1015(b).

26 Additional information regarding the circumstances leading to the commencement of the Chapter
27 11 Cases and information regarding the Debtors’ businesses and capital structure is set forth in the
28 *Amended Declaration of Jason P. Wells in Support of the First Day Motions and Related Relief* [Docket
No. 263].

1 On July 1, 2019, the Court entered the *Order Pursuant to 11 U.S.C. §§ 502(b)(9) and 105(a),*
2 *Fed. R. Bankr. P. 2002, 3003(c)(3), 5005, and 9007, and L.B.R. 3003-1 (I) Establishing Deadline for*
3 *Filing Proofs of Claim, (II) Establishing the Form and Manner of Notice Thereof, and (III) Approving*
4 *Procedures for Providing Notice of Bar Date and Other Information to All Creditors and Potential*
5 *Creditors* [Docket No. 2806] (the “**Bar Date Order**”). The Bar Date Order set the deadline to file all
6 proofs of claim (each, a “**Proof of Claim**”) in respect of any prepetition claim (as defined in section
7 101(5) of the Bankruptcy Code), including all claims of Fire Claimants (as defined therein), Wildfire
8 Subrogation Claimants (as defined therein), Governmental Units (as defined in section 101(27) of the
9 Bankruptcy Code), and Customers, and for the avoidance of doubt, including all secured claims and
10 priority claims, against either of the Debtors as October 21, 2019 at 5:00 p.m. Pacific Time (the “**Bar**
11 **Date**”). The Bar Date later was extended solely with respect to unfiled, non-governmental Fire
12 Claimants to December 31, 2019 [Docket No. 4672]¹; and subsequently with respect to certain claimants
13 that purchased or acquired the Debtors’ publicly held debt and equity securities and may have claims
14 against the Debtors for rescission or damages to April 16, 2020 [Docket No. 5943].

15 By Order dated June 20, 2020 [Dkt. No. 8053], the Bankruptcy Court confirmed the *Debtors’*
16 *and Shareholder Proponents’ Joint Chapter 11 Plan of Reorganization Dated June 19, 2020* (as may be
17 further modified, amended or supplemented from time to time, and together with any exhibits or
18 scheduled thereto, the “**Plan**”). The Effective Date of the Plan occurred on July 1, 2020 (the “**Effective**
19 **Date**”). See Dkt. No. 8252.

20 **III. RELIEF REQUESTED**

21 The Reorganized Debtors file this Objection, pursuant to section 502 of the Bankruptcy Code,
22 Bankruptcy Rule 3007(d)(5), Bankruptcy Local Rule 3007-1, and the *Order Approving (A) Procedures*
23 *for Filing Omnibus Objections to Claims and (B) the Form and Manner of the Notice of Omnibus*
24 *Objections*, dated June 30, 2020 [Docket No. 8228] (the “**Omnibus Objections Procedures Order**”),
25 seeking entry of an order disallowing and expunging Proofs of Claim for which the Reorganized Debtors
26 are not liable (the “**No Liability Claims**”). The No Liability Claims are identified on

27 ¹ The claims of Fire Claimants will be administered through the Fire Victim Trust and the claims of
28 Wildfire Subrogation Claimants through the Subrogation Wildfire Trust in accordance with the Plan.

1 **Exhibit 1**, in the columns headed “Claims To Be Disallowed and Expunged.” **Exhibit 1** also specifically
2 identifies in the “Basis for Objection” that the No Liability Claims are classified as:

3 (1) “Protective Claims.” These are proofs of claim that assert protective, unliquidated claims
4 potentially owing post-petition. The Reorganized Debtors have reviewed their books and records and
5 have determined that they have no known liability as of the Petition Date with respect to the Protective
6 Claims. Approval of the relief requested herein will not prejudice the holders of any of the Protective
7 Claims because (a) the Claimants retain all non-bankruptcy remedies that would have existed had these
8 Chapter 11 Cases not been filed and (b) the Debtors commit that they will not raise any bankruptcy
9 defenses to future assertion of claims based on the alleged post-petition failure of the Reorganized
10 Debtors to perform or honor their obligations relating to such claims.

11 (2) “Main Line Extension Reimbursement Claims.” These Claims are based on prepetition
12 refund obligations asserted under the Debtors’ mainline extension and interconnection programs (the
13 “**MLX Programs**”). In a limited number of cases, the Reorganized Debtors have no liability for the
14 MLX Claims listed on Exhibit 1 because the nature of the underlying agreement does not warrant a
15 refund or the Reorganized Debtors’ books and records do not indicate any outstanding MLX refunds
16 owed under the Claimant’s name. In some cases, the Reorganized Debtors have no current liability for
17 the MLX Claims because they have not yet come due. Such unpaid refund claims arguably are not claims
18 for which Claimants were required to submit a proof of claim either under the Bankruptcy Code or the
19 Bar Date Order; certain of these obligations did not arise until after the Petition Date and therefore are
20 not properly reconciled and paid pursuant to the bankruptcy claims process. For the avoidance of doubt,
21 with respect to all of these Claims, the Reorganized Debtors seek only to expunge the Claims, and any
22 ongoing obligations will not be discharged and will be paid in the ordinary course.

23 (3) “No Liability Subcontractor Claims,” which all relate to Proofs of Claim asserted against
24 the Debtors for amounts incurred by subcontractors indirectly retained by the Debtors. After reviewing
25 their books and records and the information submitted with the Proofs of Claim, the Reorganized Debtors
26 have determined that each of the No Liability Subcontractor Claims is attributable to the relevant general
27 contractor on each project. The Reorganized Debtors determined this either from the face of the Proof
28 of Claim listing the general contractor or by follow-up correspondence with the Claimant. In all cases,

1 the Reorganized Debtors took the additional step of confirming that if the general contractor had filed a
2 Claim, it had already been satisfied, such that any payment on account of the No Liability Subcontractor
3 Claims would be duplicative. The Reorganized Debtors thus do not have any direct liability for the No
4 Liability Subcontractor Claims.

5 (4) “Customer Program Rebates,” referring to Claims asserting prepetition rebate obligations
6 under the Debtors’ customer programs, including the California Solar Initiative and solar programs, the
7 Clean Energy Transportation Programs, the Energy Efficiency Programs, the Self-Generation Incentive
8 Program, and various other small rebate programs.² In some cases, the Reorganized Debtors have no
9 liability for the Customer Program Rebates on **Exhibit 1** because the nature of the underlying agreement
10 or program does not warrant a rebate or the Reorganized Debtors’ books and records do not indicate any
11 outstanding rebates for these programs owed under the Claimant’s name. In other cases, the Reorganized
12 Debtors have no current liability for the Customer Program Rebates because the rebate has not yet come
13 due and will be applied to a future customer bill for energy usage as defined by the program. Such
14 unpaid rebate claims arguably are not claims for which Claimants were required to submit a proof of
15 claim either under the Bankruptcy Code or the Bar Date Order; certain of these obligations did not arise
16 until after the Petition Date and therefore are not properly reconciled and paid pursuant to the bankruptcy
17 claims process. For the avoidance of doubt, with respect to all of these Claims, the Reorganized Debtors
18 seek only to expunge the Claims, and any ongoing obligations will not be discharged and will be paid in
19 the ordinary course.

20 **IV. ARGUMENT**

21 **A. The No Liability Claims Should be Disallowed and Expunged**

22 The Omnibus Objections Procedures Order supplemented Bankruptcy Rule 3007(d) to permit
23 the Reorganized Debtors to file objections to more than one claim if “[t]he claims seek recovery of
24 amounts for which the Debtors are not liable.” Omnibus Objections Procedures Order, ¶2(C)(iii).

25 ² More information about these customer programs is set forth in the *Motion of Debtors Pursuant to 11*
26 *U.S.C. §§ 105(a), 363(b), and 507(a)(7) and Fed. R. Bankr. P. 6003 and 6004 (I) Authorizing Debtors*
27 *to (A) Maintain and Administer Customer Programs, Including Public Purpose Programs, and (B)*
28 *Honor Any Prepetition Obligations Relating Thereto; and (II) Authorizing Financial Institutions to*
Honor and Process Related Checks and Transfer [Docket No. 16].

1 Bankruptcy Rule 3007(e) requires that an omnibus objection must list the claimants alphabetically and
2 by cross-reference to claim numbers. The Reorganized Debtors and their professionals have reviewed
3 each of the No Liability Claims identified on Exhibit 1 and have determined each represents a Proof of
4 Claim for which the Reorganized Debtors do not have any liability

5 Each of the Claimants is listed alphabetically, and the claim number and amount are identified
6 in accordance with Bankruptcy Rule 3007(e). Furthermore, in accordance with the Omnibus Objections
7 Procedures Order, the Reorganized Debtors have sent individualized notices to the holders of each of
8 the No Liability Claims.

9 **B. The Claimants Bear the Burden of Proof**

10 A filed proof of claim is “deemed allowed, unless a party in interest . . . objects.” 11 U.S.C.
11 § 502(a).³ Section 502(b)(1) of the Bankruptcy Code, however, provides in relevant part that a claim
12 may not be allowed if “such claim is unenforceable against the debtor and property of the debtor, under
13 any agreement or applicable law.” 11 U.S.C. § 502(b)(1). Once the objector raises “facts tending to
14 defeat the claim by probative force equal to that of the allegations of the proofs of claim themselves,”
15 *Wright v. Holm (In re Holm)*, 931 F.2d 620, 623 (9th Cir. 1991), quoting 3 L. King, *Collier on*
16 *Bankruptcy* § 502.02 at 502-22 (15th ed. 1991), then “the burden reverts to the claimant to prove the
17 validity of the claim by a preponderance of the evidence,” *Ashford v. Consolidated Pioneer Mortgage*
18 *(In re Consolidated Pioneer Mortgage)* 178 B.R. 222, 226 (B.A.P. 9th Cir. 1995) (quoting *In re*
19 *Allegheny Int’l, Inc.*, 954 F.2d 167, 173-74 (3d Cir. 1992)), *aff’d without opinion* 91 F.3d 151 (9th Cir.
20 1996). “[T]he ultimate burden of persuasion is always on the claimant.” *Holm*, 931 F.2d at 623 (quoting
21 King, *Collier on Bankruptcy*); *see also Lundell v. Anchor Constr. Specialists, Inc.*, 223 F.3d 1035, 1039
22
23

24 ³ Upon the Reorganized Debtors’ request, the deadline under Section 7.1 of the Plan for the Reorganized
25 Debtors to bring objections to Claims initially was extended through and including June 26, 2021 (except
26 for Claims of the United States, which deadline was extended to March 31, 2021) [Docket No. 9563].
27 That deadline has been further extended through December 23, 2021, except for Claims of the California
28 Department of Forestry and Fire Protection, which deadline was extended to September 30, 2021,
without prejudice to the right of the Reorganized Debtors seek further extensions thereof [Docket No.
10494]. The deadline with respect to Claims of the United States has been further extended by stipulation
and order [Docket Nos. 10459, 10463].

1 (9th Cir. 2000), *Spencer v. Pugh (In re Pugh)*, 157 B.R. 898, 901 (BAP 9th Cir. 1993); *In re Fidelity*
2 *Holding Co.*, 837 F.2d 696, 698 (5th Cir. 1988).

3 As set forth above, the Reorganized Debtors submit that the No Liability Claims do not represent
4 a current right to payment and, therefore, should be disallowed and expunged in their entirety. If any
5 Claimant believes that a No Liability Claim is valid, it must present affirmative evidence demonstrating
6 the validity of that claim.

7 **V. RESERVATION OF RIGHTS**

8 The Reorganized Debtors hereby reserve the right to object, as applicable, in the future to any of
9 the Proofs of Claim listed in this Objection on any ground, and to amend, modify, or supplement this
10 Objection to the extent an objection to a claim is not granted, and to file other objections to any proofs
11 of claims filed in these cases, including, without limitation, objections as to the amounts asserted therein,
12 or any other claims (filed or not) against the Debtors, regardless of whether such claims are subject to
13 this Objection. A separate notice and hearing will be scheduled for any such objections. Should the
14 grounds of objection specified herein be overruled, wholly or in part, the Reorganized Debtors reserve
15 the right to object to the No Liability Claims on any other grounds that the Reorganized Debtors may
16 discover or deem appropriate.

17 **VI. NOTICE**

18 Notice of this Objection will be provided to (i) holders of the No Liability Claims; (ii) the Office
19 of the U.S. Trustee for Region 17 (Attn: Andrew R. Vara, Esq. and Timothy Laffredi, Esq.); (iii) all
20 counsel and parties receiving electronic notice through the Court's electronic case filing system; and
21 (iv) those persons who have formally appeared in these Chapter 11 Cases and requested service pursuant
22 to Bankruptcy Rule 2002. The Reorganized Debtors respectfully submit that no further notice is
23 required. No previous request for the relief sought herein has been made by the Reorganized Debtors to
24 this or any other Court.

25 WHEREFORE the Reorganized Debtors respectfully request entry of an order granting (i) the
26 relief requested herein as a sound exercise of the Reorganized Debtors' business judgment and in the
27 best interests of their estates, creditors, shareholders, and all other parties interests, and (ii) such other
28 and further relief as the Court may deem just and appropriate.

1 Dated: May 20, 2021

KELLER BENVENUTTI KIM LLP

2 By: /s/ Dara L. Silveira
3 Dara L. Silveira

4 *Attorneys for Debtors and Reorganized Debtors*